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Central Intelligence Agency  
Office of the Deputy Director for Intelligence

9 January 1986

NOTE TO: The Honorable John C. Whitehead  
Deputy Secretary of State

*John*

Per your request for data on West European  
economic dealings with Libya, we have produced  
the attached typescript, Western Europe: Economic  
Links with Libya. [Redacted]

[Redacted]

If you have any questions or comments,  
please call [Redacted] Director,  
Office of European Analysis [Redacted]

[Redacted]

*Bob*

Robert M. Gates  
Deputy Director for Intelligence

Attachment:  
As Stated

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Central Intelligence Agency



Washington, D.C. 20505

9 January 1986

## Western Europe: Economic Links with Libya

Summary

Western Europe's well-known reluctance to impose sanctions against Libya is only partly due to economic considerations because overall economic relations with Libya are relatively small. Exports to Libya dropped to an estimated \$3.2 billion last year, less than one-third of the 1981 figure and equal to only 0.4 percent of total exports. Although imports of Libyan oil have fallen less sharply, to about 820,000 b/d last year, they only cover about 7 percent of Western Europe's oil consumption--an insignificant share given the glut in the world oil market. We calculate that even a total cutoff of EC exports to Libya would have only a minimal impact on West European economies. In addition to trade considerations, the West Europeans also fear the loss of perhaps several billion dollars of outstanding loans and unpaid bills owed by Libya. West European unwillingness to apply sanctions against Libya probably is driven more by fear of Libyan reprisals--in Western Europe or against West Europeans working in Libya--as well as by the desire to maintain good relations with other Arab countries. They also continue to believe that sanctions would be ineffective and might set an unwelcome precedent. [redacted]

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This memorandum was prepared by [redacted] Office of European Analysis. Questions and comments are welcome and may be addressed to [redacted] Chief, West European Division [redacted]

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